

Hops: A Market Update for Ontario

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Market research

- Part of 3 year Ontario Ministry of Agriculture and Food study of Hop Varieties, Growing Techniques, Market Demand and Value Chain design.
- **Objectives:**
 - Hop production practices from hop producers
 - Market demand of hops: current and desired from brewers
- **Note:** according to AAFC and FAO, there is no production of Hops in Canada, Volumes stable but value Imported declining to about \$12 500 000 per year on 1 000 Tonnes imported. (FAO official data)

Provincial Volumes

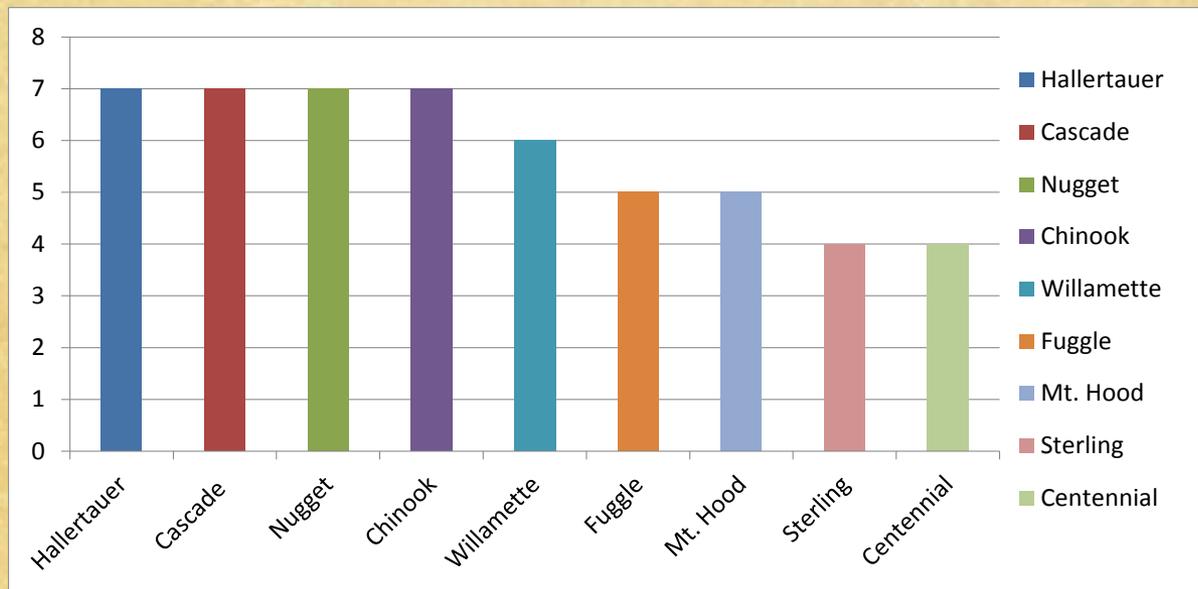
- ◆ [Hop acreage by province 2015.pdf](#)

Method

- Two surveys
- Approximately 20 questions per survey
- Distribution: Mail survey
- Sample sourced from: Ontario Hop Growers Association (OHGA); Alcohol and Gaming Commission of Ontario (AGCO)
- Sample size:
 - Hop producers: Targeted sample; N = 28; This study, N = 12
 - Brewers: Targeted sample; N = 65; This study, N = 23

Findings: Hop producers

- ♦ Organic and conventional hops grown
- ♦ Varieties of Aroma and Bittering produced
 - ♦ Acreage under one acre, mainly growing Aroma



Popular cultivars grown

Findings: Hop producers

Reasons for preferred cultivars

Hallertauer	popular with brewers, hardiness, good resistance to mildew, grows well with large cones
Cascade	
Chinook	
Cascade	dual purpose; used for aroma and bitterness
Chinook	
Centennial	

Findings: Hop producers

- ◆ Other varieties grown:
 - ◆ Teamaker, Golding, Galena, Saaz, Magnum, Newport, and Northern Brewer
- ◆ Current land for production: 0.25 to 5 acres
 - ◆ 0.25 to 0.50 acres usually Aroma
- ◆ Desired increase in acreage: minimum by one acre; maximum by 10 acres annually

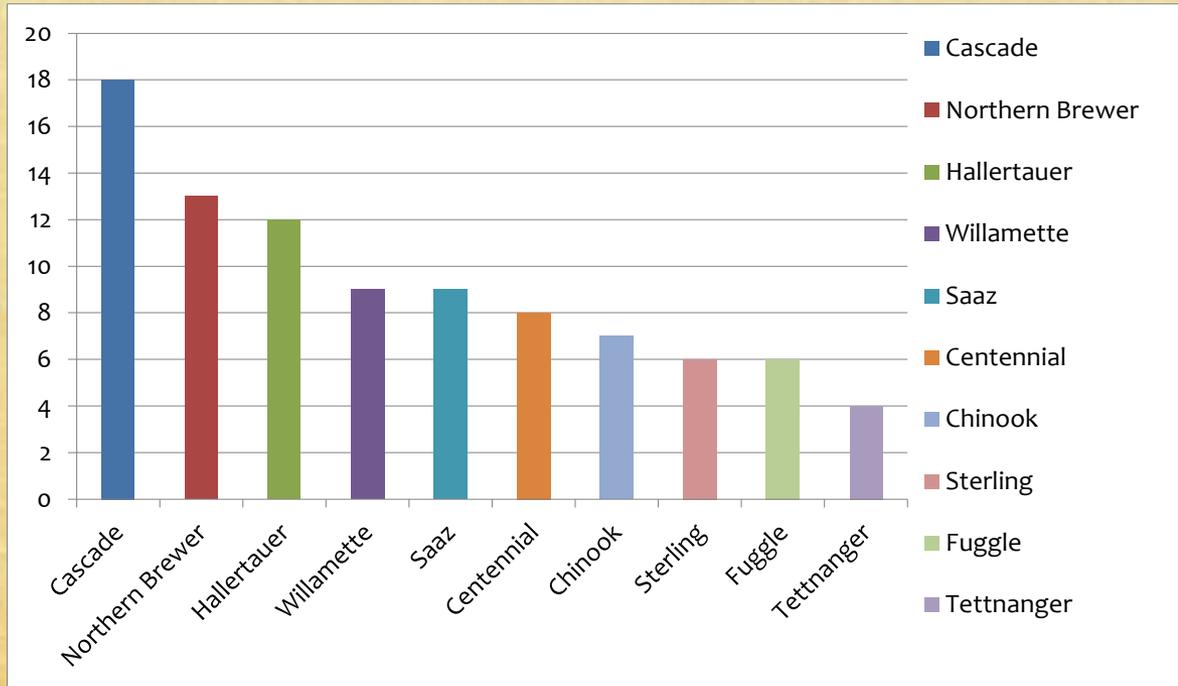
Findings: Hop producers

- ◆ Storage practices:
 - ◆ 50% of sample does not store hops
 - ◆ Storage temperature: -20° C to 10° C
- ◆ Analytical testing & Labelling: 67% agreed to both
- ◆ Sale price: CAD \$11-\$13 per pound, and above CAD \$15 per pound
- ◆ Cost of establishing a hop yard: Approximately \$6000 - \$8000/acre
- ◆ Annual quantity of sales: up to 5000 – 6000 lbs.
 - ◆ 1000 to 1100 lbs. per acre

Findings: Brewers

- ◆ Market players:
 - ◆ 61%, Ontario Craft brewers, 26%, micro-brewers, and 17% were both
- ◆ Conventional hops purchased by 87% of the brewers
- ◆ **Pelletized** was found to be the most popular form of hops purchased (70%), followed by all forms. [i.e., pelletized, whole cone (dried), and whole cone (wet)]

Findings: Brewers



Popular cultivars purchased

Findings: Brewers

Reasons for preferred cultivars	
Cascade, Hallertauer, Northern Brewer, Saaz,, Hersbrucker, and Chinook:	Super high alpha levels, found in many beer styles, aroma
Citra, Simcoe, Amarillo	Unique aroma
Cascade, Centennial, Galaxy, Amarillo, New Zealand varieties	muti-purpose, distinct, fit craft beer better than mainstream beer
Columbus	Spiciness and good value for Alpha Acid %

Findings: Brewers

Desired cultivars not grown currently

Amarillo
Nelson
Citra
Sorachi
Ace
Magnum
Galaxy

Findings: Brewers

- ◆ Market demand: between 75 lbs to 8000 lbs
- ◆ Packaging desired: Nitrogen purged bags
- ◆ Labeling content desired: Alpha acids, beta acids, Hop Storage Index, oils, date of harvest
- ◆ Hops currently purchased from?
 - ◆ Canada: British Columbia, primarily
 - ◆ Outside Canada: England, Germany, Czech Republic, New Zealand, U.S. Willamette Valley
- ◆ Price range: \$7 - \$9 and \$11 - \$13, and above \$15

Conclusion

- ◆ Next Step Demand and Economic feasibility;
 - ◆ Phase II of our Research
 - ◆ Cost of Production
 - ◆ Value/Supply Chain design
- ◆ Looks like a viable Horticultural crop with established market
- ◆ Acreage still debatable & to be defined by the market
 - ◆ Current value of imported hops \$12,509,000 US. 2012(FAO),
 - ◆ 1,315 tonnes 2006, 1,039 tonnes 2012 (FAO)
 - ◆ Current Production 0 tonnes(FAO)
 - ◆ Current Acreage 103 ha, 252.5 acres = 125 tonnes
 - ◆ 1/10 or more of the imported hops
 - ◆ Craft Brewers compete with Imported Beer
 - ◆ 2010 imported 340,712 tonnes of beer from barley (FAO), 610 mm USD
 - ◆ 2011 imported 321,096 tonnes of beer from barley (FAO), 566 mm USD

Where to From Here

- ◆ Recommendations,
 - ◆ Sell direct to brewers the variety that they want, hence on issue on volume,
 - ◆ Relationship selling and agrotourism
- ◆ Competitive pressures, USA, Germany???
- ◆ Cost competitive? Yakima Valley costs from 2010
 - ◆ I need to confirm, with your permission and input.

Thank You

Questions?

Survey hop producers

1. What kind of hop grower are you?
2. What category of hops do you currently grow?
3. Please tick all the cultivars of hops grown at your farm.
4. From the above listed; do you have any preferred varieties?
5. What is the current land (in acreage) in use for hops production at your farm?
6. Do you plan on increasing this acreage or number of hop plants in the coming years?
7. What is the yield (in lbs.) of hops harvested per plant annually?
8. Do you store your hops?
9. What method is used to dry the hops?
10. What form of packaging do you currently use for your hops?
11. Please indicate the price (per lb.) at which your hops are sold.

Survey brewers

1. What kind of brewer are you?
2. What kind of hops do you currently purchase?
3. What form of hops do you currently purchase? Please tick all that apply.
4. What category of hops do you currently purchase?
5. Please tick all the cultivars of hops purchased currently.
6. Is there a storage temperature you desire?
7. What is the amount of moisture (%) required of the hops that is purchased currently by your brewery?
8. What percentage of hop discoloration / browning is acceptable to you as a brewer?
9. What form of packaging do you currently purchase hops in?
10. If available, what type of analytical information would you prefer to see on locally grown hops?
11. Where do you currently purchase hops? Please tick all the options that apply.
12. Please indicate at what price (per lb.) do you purchase hops?